

Docket No. 95-08

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I. INTRODUCTION

A. This Agreement and Covenant Not to Sue ("Agreement") is made and entered into by and between the United States Environmental Protection Agency ("U.S. EPA"), its successors and assigns, and Sargent Fletcher Inc. (formerly, FR Acquisition Inc.) ("Sargent Fletcher" or "Settling Respondent") (collectively the "Parties").

B. U.S. EPA and Sargent Fletcher enter into this Agreement pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601, et seq. and cognizant of U.S. EPA's Policy on Prospective Purchaser Settlements (the "Prospective Purchaser Policy"), 54 Fed. Reg. 34235, 34241 - 34246 (August 18, 1989).

C. This Agreement relates to the purchase by Sargent Fletcher of certain assets of the Sargent-Fletcher Company (defined below) located within the San Gabriel Valley Superfund Sites, Areas 1-4.

D. The purpose of this Agreement is to settle and resolve, subject to the terms of this Agreement, any potential liability for Present Contamination (defined below) which may result from Settling Respondent becoming the owner and/or operator of the El Monte Facility (defined below). The resolution of this potential liability, in exchange for payment by Settling Respondent to U.S. EPA, is a benefit that would otherwise not be available and is in the public interest.

II. DEFINITIONS

Unless otherwise expressly provided herein, terms used in this Agreement which are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever the terms listed below are used in this Agreement or in the Attachment hereto, the following definitions shall apply:

1. The "Effective Date of this Agreement" shall be the date upon which U.S. EPA issues written notice to Settling Respondent that U.S. EPA has re-affirmed this Agreement after Public Comment.

2. The "El Monte Facility" shall mean the property and assets located at 9400 Flair Drive, El Monte California 91731, within the South El Monte Operable Unit of the Site.

3. "Present Contamination" shall mean:

a. hazardous substances, as that term is defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14), that existed on or under the El Monte Facility as of the Closing Date (defined below in Section III.E.);

b. hazardous substances that migrated from the El Monte Facility prior to the Closing Date; and

c. hazardous substances that migrated or migrate onto, under, or from the El Monte Facility after the Closing Date, provided that the activities of Settling Respondent did not or do not cause or contribute to the release of such hazardous substances.

4. "RCRA" shall mean the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.

5. "Sargent Fletcher" shall mean Sargent Fletcher Inc., formerly FR Acquisition Inc.

6. "Settling Respondent" shall mean FR Acquisition Inc., Sargent Fletcher, and Sargent Fletcher's successors in interest, assigns, and transferees ("Successors"), including any and all subsequent purchasers of the El Monte Facility, whether directly from Sargent Fletcher or indirectly from persons who acquire the El Monte Facility from Sargent Fletcher, provided (a) U.S. EPA consents to the transfer of the El Monte Facility if such consent is required by this Agreement (see Section XII - PARTIES BOUND/TRANSFER OF COVENANT), (b) any such Successor complies with the terms of this Agreement to the extent such terms remain in effect, and (c) either (i) except for affiliated transactions, the Successor acquires its interest in the El Monte Facility through a bona fide arm's length transaction or (ii) with respect to affiliated transactions, the affiliate has at least the net worth of the transferor immediately prior to the transfer (the "Net Worth Test") or there is a guarantor of the affiliate's obligations who meets the Net Worth Test. A Successor who does not comply with the terms of this Agreement to the extent such terms remain in effect or who purchases the El Monte Facility without U.S. EPA's consent if such consent is required by this Agreement shall not be a Settling Respondent and shall not be entitled to the Covenant Not to Sue by U.S. EPA or

the Contribution Protection afforded by this Agreement. The failure of a Successor to comply with the terms of this Agreement or the failure of U.S. EPA to consent to a Successor's purchase of the El Monte Facility if such consent is required by this Agreement shall not render void or otherwise affect the Covenant Not To Sue By U.S. EPA or the Contribution Protection provided to any prior Settling Respondent, including Sargent Fletcher, under this Agreement. Settling Respondent, as used above, excludes: SF Co., A.J. Industries, Hatfield Industries Inc., and the successors or assigns of such entities other than Sargent Fletcher to the extent it may be deemed a successor or assignee; and other unnamed predecessors in interest to Sargent Fletcher and the successors to such unnamed predecessors in interest other than Sargent Fletcher to the extent it may be deemed a successor.

7. "SF Co." shall mean Sargent-Fletcher Company.

8. The "Site" shall mean the San Gabriel Valley Superfund Sites, Areas 1-4, including all operable units currently in existence or that may hereafter come into being.

III. STATEMENT OF FACTS

A. FR Acquisition Inc., a Delaware corporation formed on June 13, 1994 ("FR Acquisition"), entered into an Asset Purchase Agreement, dated June 17, 1994, as amended, to purchase certain assets of SF Co., a California corporation (the "Asset Purchase Agreement"), including the El Monte Facility. SF Co. is a debtor or debtor-in-possession under Chapter 11 of the Bankruptcy Code. See, In re Sargent-Fletcher Co., L.A. 94-3405 TD

(Bank.) (C.D.Cal.).

B. SF Co. is and was a recipient of a general notice letter from U.S. EPA identifying SF Co. as a potentially responsible party under CERCLA in connection with the Site. The El Monte Facility is located within the South El Monte Operable Unit of the Site.

C. Hearings on approval of the sale of SF Co.'s assets, including the real property and assets located at the El Monte Facility, were held on August 12 and 22, 1994, by the Bankruptcy Court. Bankruptcy Court orders approving the transactions contemplated by the Asset Purchase Agreement were entered on August 22 and 26, 1994.

D. On September 23, 1994, the Parties entered into a nonbinding Agreement in Principle in anticipation of entering into this Agreement.

E. On September 30, 1994, the closing with respect to the Asset Purchase Agreement occurred (the "Closing Date"). Subsequent to the Closing Date, FR Acquisition changed its name to "Sargent Fletcher Inc." SF Co. is expected to be renamed "Hatfield Industries Inc."

IV. DETERMINATIONS

A. Settling Respondent is a "person" as that term is defined in Section 101 (21) of CERCLA, 42 U.S.C. § 9601 (21).

B. Settling Respondent is an "owner or operator" of a facility within the meaning of Section 101(20) (A) of CERCLA, 42 U.S.C. § 9601(20) (A).

C. The El Monte Facility is a "facility" as that term is defined in Section 101(9) of CERCLA, 42 U.S.C. § 9602(9).

D. Based on the facts described herein, U.S. EPA has determined that the consideration to be provided by Settling Respondent is a substantial benefit and that the prompt settlement with Settling Respondent is practicable and in the public interest.

V. PAYMENT AND WORK TO BE PERFORMED

A. U.S. EPA Response Costs

1. In consideration of and in exchange for the Covenant Not To Sue By U.S. EPA and Contribution Protection herein, Settling Respondent agrees to pay to U.S. EPA the sum of \$500,000 (FIVE HUNDRED THOUSAND DOLLARS) as a one-time cash payment ("First Payment").

2. The First Payment shall be made by Settling Respondent within 45 days of the Effective Date of this Agreement. The First Payment made by Settling Respondent shall be made by Electronic Funds Transfer ("EFT") or wire transfer according to the instructions to be provided by U.S. EPA prior to the date of the First Payment. Such instructions shall indicate the special account and lockbox established for the South El Monte Operable Unit, San Gabriel Valley Superfund Sites, Areas 1-

4. The First Payment by EFT must be received by 11:00 AM (Eastern Time) to be credited on that day. Notice of the First Payment shall be sent by facsimile on or before such time to:

Mark Klaiman
Assistant Regional Counsel (RC-3-1)

U.S. EPA
75 Hawthorne Street
San Francisco, CA 94105
FAX: (415) 744-1041

B. State Lead Response Costs

1. In further consideration of and in exchange for the Covenant Not To Sue By U.S. EPA and the Contribution Protection herein, Settling Respondent contemplates spending approximately \$300,000 as a result of monitoring and source remediation activities that the State of California is anticipated to require or will require at the El Monte Facility. (Such monitoring and source remediation activities shall be referred to as "State Lead Response Activities" and the costs incurred by Settling Respondent in performing State Lead Response Activities shall be referred to as "State Lead Response Costs"). Settling Respondent shall use its best efforts to comply with any State Lead Response Activities in a timely manner, but compliance with such State Lead Response Activities is beyond the scope of this Agreement. The amount of \$300,000 is not a maximum amount that Settling Respondent may be required to incur for State Lead Response Activities. Should State Lead Response Costs exceed \$300,000, Settling Respondent contemplates incurring the costs of such additional State Lead Response Activities. In the event Settling Respondent does not incur State Lead Response Costs in an amount of \$300,000 or more, Settling Respondent will make a one-time additional payment to U.S. EPA in an amount equal to the difference between \$300,000 and any State Lead Response Costs incurred ("Additional Payment").

2. State Lead Response Costs shall be calculated by adding:

a. all costs incurred by Settling Respondent pursuant to directives of the California Regional Water Quality Control Board - Los Angeles ("Regional Board") Well Investigation Program ("WIP") or any other State program implementing monitoring and source remediation activities with respect to State Lead Response Activities, and

b. all costs incurred by Settling Respondent in connection with Task 8 in the Work Plan developed by ICF Kaiser Engineers, Inc. and Sargent Fletcher (the "Work Plan"). The Work Plan was submitted for U.S. EPA review and comment prior to execution of this Agreement, and U.S. EPA has reviewed and approved the Work Plan for implementation by Sargent Fletcher. A copy of the Work Plan is annexed hereto as Attachment A and is made part of this Agreement.

3. Settling Respondent shall submit a written summary of State Lead Response Costs on a quarterly basis to U.S. EPA until the first of either "a" or "b" below occurs:

a. U.S. EPA has agreed that Settling Respondent's State Lead Response Costs exceed \$300,000, at which time Settling Respondent shall have no obligation to pay any Additional Payment.

b. Settling Respondent has received a "No Further Action Letter" or the equivalent written notice with regard to State Lead Response Activities from the WIP or

subsequent State program implementing such State Lead Response Activities.

c. U.S. EPA, in its discretion, may request such documentation as is reasonably needed from Settling Respondent in order to review State Lead Response Costs. Settling Respondent shall provide all such documentation. State Lead Response Costs shall include consultants' costs but shall not include attorneys' fees.

4. Any Additional Payment shall be made within 45 days of Settling Respondent's receipt of a "No Further Action Letter" from the WIP, the equivalent written notice from a subsequent State program implementing State Lead Response Activities, or the fifth anniversary of the Effective Date of this Agreement, whichever is later. Such Additional Payment shall be made by Electronic Funds Transfer ("EFT") or wire transfer according to the instructions to be provided by U.S. EPA prior to the date of such Additional Payment. Such instructions shall indicate the special account and lockbox established for the South El Monte Operable Unit, San Gabriel Valley Superfund Sites, Areas 1-4. Such Additional Payment by EFT must be received by 11:00 AM (Eastern Time) to be credited on that day. Notice of any such Additional Payment shall be sent by facsimile on or before such time to:

Mark Klaiman
Assistant Regional Counsel (RC-3-1)
U.S. EPA
75 Hawthorne Street
San Francisco, CA 94105
FAX: (415) 744-1041

5. In the event that subsequent to Settling Respondent's payment of an Additional Payment further State Lead Response Activities are either sought to be imposed or requested by any State program implementing such State Lead Response Activities, at the request of Settling Respondent, U.S. EPA shall notify the requesting State agency of the existence of this Agreement and the previous issuance of a "No Further Action Letter," and shall use such best efforts as U.S. EPA deems appropriate to assist Settling Respondent in obtaining a "No Action Letter" or the equivalent written notice with respect to such State program.

C. Multi-Media Tasks at the El Monte Facility

1. In further consideration of this Agreement, Settling Respondent shall undertake certain environmental engineering improvements, upgrades and pollution prevention measures ("Multi-Media Tasks") at the El Monte Facility, based on the Work Plan. The Multi-Media Tasks are in addition to the State Lead Response Activities, except to the extent noted in Section V.B. above.

2. Settling Respondent shall submit any Multi-Media Tasks deliverables as are called for in the Work Plan to U.S. EPA on the schedule set forth in the Work Plan for review and comment, but not for review and approval. In U.S. EPA's discretion, such deliverables may be provided to other state, local or federal agencies as appropriate. After submission of any deliverables called for in the Work Plan, Settling Respondent

shall have no further obligations with respect to such Multi-Media Tasks under this Agreement.

VI. ACCESS/NOTICE TO SUCCESSORS

A. Settling Respondent hereby grants to U.S. EPA, its authorized officers, employees, representatives, and all other persons performing response actions under U.S. EPA oversight, a right of access, upon reasonable notice, to the El Monte Facility and to any other real property that Settling Respondent controls or may hereafter control at the Site for the purposes of performing any response actions at the Site under federal law. U.S. EPA agrees to provide reasonable notice of the timing of any response actions to be undertaken at the El Monte Facility. This Agreement does not restrict or limit any right U.S. EPA may have to have access to the Site, or any other property, pursuant to statutory or regulatory authority.

B. Within 15 days after the Effective Date of this Agreement, Settling Respondent shall record a certified copy of this Agreement with the Recorder's Office, Registry of Deeds, or other appropriate office, in Los Angeles County, California. Thereafter, Settling Respondent shall provide that each deed, title, or other instrument conveying an interest in the El Monte Facility shall contain a notice stating that the El Monte Facility is subject to this Agreement.

C. Nothing in this Agreement shall in any manner restrict or limit the nature or scope of response actions which may be taken by U.S. EPA in fulfilling its responsibilities under

federal law. Settling Respondent recognizes that the implementation of response actions at the El Monte Facility may interfere with its use of the El Monte Facility. Settling Respondent agrees to cooperate with U.S. EPA in the implementation of response actions at the El Monte Facility and further agrees not to interfere with such response actions. U.S. EPA agrees, consistent with its responsibilities under applicable law, to use reasonable efforts to minimize any interference with Settling Respondent's operations.

D. Settling Respondent shall furnish a copy of this Agreement to any lessee or sublessee on the El Monte Facility on or before the effective date of any such lease or sublease.

VII. DUE CARE

Nothing in this Agreement shall be construed to relieve Settling Respondent of its duty to exercise due care with respect to any hazardous substances allegedly present at the El Monte Facility, or its duty to comply with all applicable state and federal laws and regulations concerning hazardous substances.

VIII. CERTIFICATION

A. Sargent Fletcher certifies that to the best of its knowledge and belief it has fully and accurately disclosed to U.S. EPA all material information currently in its possession or control and in the possession or control of its officers, directors, employees, contractors and agents which relates in any way to Present Contamination at the El Monte Facility. Sargent Fletcher also certifies that to the best of its knowledge and

belief it has not caused or contributed to a release of hazardous substances at the El Monte Facility. If U.S. EPA determines that the information provided by Sargent Fletcher is not materially accurate and complete, the Covenant Not to Sue in Section IX of the Agreement shall be void.

B. Each Settling Respondent subsequent to Sargent Fletcher shall certify that to the best of its knowledge and belief it has fully and accurately disclosed to U.S. EPA all material information currently in its possession or control and in the possession or control of its officers, directors, employees, contractors and agents which relates in any way to Present Contamination at the El Monte Facility. Each Settling Respondent subsequent to Sargent Fletcher shall also certify that to the best of its knowledge and belief it has not caused or contributed to a release of hazardous substances at the El Monte Facility. If U.S. EPA determines that the information provided by any Settling Respondent subsequent to Sargent Fletcher is not materially accurate and complete, the Covenant Not to Sue in Section IX of the Agreement shall be void solely with respect to such Settling Respondent.

IX. COVENANTS NOT TO SUE

A. Subject to the Reservation of Rights in Section XI.A., B., and C., of this Agreement, upon receipt of the First Payment as specified in Section IV of this Agreement (PAYMENT AND WORK TO BE PERFORMED), U.S. EPA covenants not to sue or take any other civil or administrative action against Settling Respondent or its

officers, directors, shareholders or employees, for injunctive relief or reimbursement of response costs pursuant to Sections 106 or 107(a) of CERCLA or Section 7003 of RCRA with respect to Present Contamination, including response costs for all future response actions for Present Contamination at the Site.

("Covenant Not To Sue By U.S. EPA.")

B. In consideration of the Covenant Not to Sue by U.S. EPA, above, Settling Respondent hereby covenants not to sue and not to assert any claims or causes of action against the United States, its authorized officers, employees, representatives (or the Hazardous Substance Superfund established pursuant to Section 9507 of Title 26 of the U.S. Code) relating to the Site or response actions at the Site, except that Settling Respondent reserves, and this Agreement is without prejudice to, actions against the United States based on negligent actions taken directly by the United States that are brought pursuant to any statute other than CERCLA and for which waiver of sovereign immunity is found in a statute other than CERCLA. ("Covenant Not To Sue By Settling Respondent.")

C. Nothing herein shall be deemed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.25(d).

D. The Covenant Not To Sue By U.S. EPA is not a general release under federal law nor the law of any state.

X. CONTRIBUTION PROTECTION

A. Subject to the reservation of rights in Section XI.A.,

B., and C. (RESERVATION OF RIGHTS) of this Agreement, with respect to any claims for contribution that are asserted by non-Parties against Settling Respondent for matters addressed in the Covenant Not To Sue By U.S. EPA, Settling Respondent shall have satisfied its potential liability for such matters under Sections 106 and 107(a) of CERCLA and Section 7003 of RCRA and is entitled to such protection from contribution actions or claims as is provided by Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

B. This Section shall become effective upon U.S. EPA's receipt of the First Payment specified in Section IV of this Agreement (PAYMENT AND WORK TO BE PERFORMED). This Section shall become void and without effect to the extent that Settling Respondent has failed to make any Additional Payment as specified in Section IV of this Agreement (PAYMENT AND WORK TO BE PERFORMED).

XI. RESERVATION OF RIGHTS

A. The Covenant Not To Sue By U.S. EPA set out in Section IX.A., above, does not pertain to any matters other than those expressly set forth in Section IX.A. The United States reserves and this Agreement is without prejudice to all rights of the United States against Settling Respondent with respect to all other matters, including, but not limited to, the following:

1. Any liability resulting from the exacerbation of Present Contamination;
2. Any liability resulting from the release of any hazardous substances other than liability resulting from Present

Contamination;

3. Any liability resulting from arranging for disposal of hazardous substances at, or the transportation of hazardous substances to, a facility other than the El Monte Facility;

4. Any and all criminal liability;

5. Any and all liability for damages to natural resources; and,

6. Any liability to the United States for failure to comply with the terms of this Agreement.

B. With respect to any claim or cause of action asserted by the United States against Settling Respondent, Settling Respondent shall bear the burden of proving that the claim or cause of action, or any part thereof, is covered by the Covenant Not To Sue By U.S. EPA and not reserved by Reservation of Rights in Section XI.A.

C. Nothing in this Agreement constitutes a Covenant Not To Sue or to take action or otherwise limits the ability of the United States to seek or obtain further relief from Settling Respondent, and the Covenant Not To Sue in Section IX of this Agreement shall be null and void, if information is discovered which establishes that the certification in Section VIII (CERTIFICATION) of this Agreement was materially false as of the Effective Date of this Agreement.

D. Nothing in this Agreement is intended as a release or covenant not to sue for any claim or cause of action,

administrative or judicial, civil or criminal, past or future, in law or in equity, which the United States may have against any person, firm, corporation or other entity not a Settling Respondent.

E. Nothing in this Agreement is intended to limit the right of U.S. EPA to undertake future response actions at the El Monte Facility or the Site or to seek to compel parties other than Settling Respondent to perform or pay for response actions at the El Monte Facility or the Site. Nothing in this Agreement shall in any way restrict or limit the nature or scope of response actions that may be taken or be required by U.S. EPA in exercising its authority under federal law. Settling Respondent acknowledges that it has purchased property where response actions may be required. Settling Respondent further recognizes that the implementation of response actions may interfere with Settling Respondent's use of the El Monte Facility.

XIII. PARTIES BOUND/TRANSFER OF COVENANT

A. This Agreement shall apply to and be binding upon the United States, including U.S. EPA and its successors and assigns, and shall apply to and be binding on Settling Respondent, its officers, directors, and employees. Each signatory of a Party to this Agreement represents that he or she is fully authorized to enter into the terms and conditions of this Agreement and to legally bind such Party.

B. All of the rights, benefits and obligations conferred upon Settling Respondent under this Agreement may be assigned or

transferred to any person under the following conditions:

1. Settling Respondent shall provide U.S. EPA with at least 90 days notice in advance of any proposed transfer of any real property interest in the El Monte Facility (the "Proposed Transfer"). Such notice shall include the following information, which U.S. EPA shall treat as Confidential Business Information to the extent permitted by law: (i) the intended transferee; (ii) the expected date of the Proposed Transfer; (iii) the type of real property interest to be transferred; and (iv) the intended use, as disclosed to Settling Respondent by the proposed transferee, of the El Monte Facility subsequent to the Proposed Transfer. Failure to provide the above information shall be deemed a failure to provide notice to U.S. EPA. Failure of U.S. EPA to notify Settling Respondent after receiving sufficient and timely notice of the Proposed Transfer of any objections to the Proposed Transfer will constitute consent to the Proposed Transfer to the extent consent is required by subsections a., b., and c. below. If U.S. EPA decides to consent to any Proposed Transfer at any time prior to the expiration of the 90 day period, U.S. EPA will inform Settling Respondent of such decision at such time. Settling Respondent shall not be required to receive U.S. EPA's consent to any Proposed Transfer except as follows:

a. Prior to submission of the deliverables set forth in the Work Plan, Settling Respondent shall be required to receive U.S. EPA's written consent to the Proposed Transfer.

Such consent may not be unreasonably or arbitrarily withheld; however, the refusal to provide such consent shall be presumed to be reasonable and not arbitrary.

b. Subsequent to submission of the Work Plan deliverables and before issuance of the first groundwater Record of Decision for the South El Monte Operable Unit of the Site (the "First ROD"), Settling Respondent shall be required to receive U.S. EPA's written consent to the Proposed Transfer, which consent may not be unreasonably or arbitrarily withheld. Refusal to provide such consent shall be presumed to be reasonable and not arbitrary if either of the following conditions are present:

(1) The proposed transferee has been convicted of a criminal violation of any federal or state environmental statute within the three-year period prior to the Proposed Transfer, unless the proposed transferee at any time during that period has satisfied, or if convicted of a state environmental violation demonstrates to U.S. EPA that it can satisfy, the criteria set forth in U.S. EPA's "Policy Statement," 56 Fed. Reg. 64785 (Dec. 12, 1991), with respect to qualifying for removal from U.S. EPA List of Violating Facilities; or

(2) The proposed use of the El Monte Facility subsequent to the Proposed Transfer is likely, in a material way, to interfere with, delay implementation of, or increase the costs of any response activities being performed or likely to be performed at the South El Monte Operable Unit of the Site prior to the First ROD.

c. After issuance of the First ROD and before completion of construction activities implementing the First ROD, Settling Respondent shall be required to receive U.S. EPA's written consent to the Proposed Transfer, which consent may not be unreasonably or arbitrarily withheld. Refusal to provide such consent shall be presumed to be reasonable and not arbitrary if either of the following conditions are present:

(1) The qualified condition set forth in subsection XII.B.1.b.(1), above; or

(2) The proposed use of the El Monte Facility subsequent to the Proposed Transfer is likely, in a material way, to interfere with, delay implementation of, or increase the costs of any construction activities being performed or likely to be performed at the El Monte Facility pursuant to any remedial design or other response action implementing the First ROD.

2. Failure to comply with any of the terms set forth in subsection XII.B.1.b.(1) shall void the Covenant Not To Sue By U.S. EPA contained in this Agreement with respect to any such transferee, but shall not otherwise affect the Proposed Transfer.

3. Settling Respondent agrees to pay the sum of \$1,200 (one thousand two hundred dollars) to U.S. EPA for U.S. EPA to review each request for consent to assign or transfer the El Monte Facility ("Transfer Payment"). Each Transfer Payment shall be made by Settling Respondent within 30 days after consent is obtained or declined, except if dispute resolution pursuant to

Section XIII is invoked, in which case such Transfer Payment shall be due within 30 days after the opinion of the Regional Counsel pursuant to Section XIII.E. Each Transfer Payment shall be made by check or Electronic Funds Transfer ("EFT") or wire transfer according to the instructions to be provided by U.S. EPA prior to the date of each Transfer Payment. Such instructions shall indicate the special account and lockbox established for the South El Monte Operable Unit, San Gabriel Valley Superfund Sites, Areas 1-4. Each Transfer Payment by EFT must be received by 11:00 AM (Eastern Time) to be credited on that day. Notice of each such Transfer Payment shall be sent by facsimile on or before such time to:

Mark Klaiman
Assistant Regional Counsel (RC-3-1)
U.S. EPA
75 Hawthorne Street
San Francisco, CA 94105
FAX: (415) 744-1041

XIII. DISPUTE RESOLUTION AS TO TRANSFER

A. In the event that U.S. EPA disapproves of a Proposed Transfer pursuant to Section XII of this Agreement, Settling Respondent may dispute such determination.

B. In the event that Settling Respondent elects to dispute U.S. EPA's determination to disapprove a Proposed Transfer, within thirty (30) days of Settling Respondent's notification of such disapproval, Settling Respondent shall submit a written statement to the Regional Counsel for Region IX setting forth the basis of Settling Respondent's belief that the decision by U.S. EPA to disapprove the Proposed Transfer was unreasonable and

arbitrary.

C. Within thirty (30) days of receipt of Settling Respondent's statement, a representative of U.S. EPA shall submit a written statement to the Regional Counsel for Region IX setting forth the basis of U.S. EPA's belief that the decision by U.S. EPA to disapprove the transfer was not unreasonable nor arbitrary ("U.S. EPA's Statement"). A copy of U.S. EPA's Statement will be provided to Settling Respondent at the time it is provided to the Regional Counsel for Region IX.

D. Within fifteen (15) days of receipt of U.S. EPA's Statement, Settling Respondent may submit a written reply thereto (the "Reply").

E. The Regional Counsel for Region IX may request an oral presentation from Settling Respondent and U.S. EPA. Within thirty (30) days of such an oral presentation or within thirty (30) days of receipt of the Reply if an oral presentation is not requested, the Regional Counsel for Region IX will issue a written opinion as to whether U.S. EPA's unreasonably or arbitrarily withheld consent to the Proposed Transfer. Such opinion will be provided to both Settling Respondent and U.S. EPA.

F. This is the only dispute resolution mechanism applicable to this Agreement with respect to any such Proposed Transfer. The decision of the Regional Counsel for Region IX shall not be subject to judicial review.

XIV. DISCLAIMER

A. This Agreement in no way constitutes a finding by U.S. EPA as to the risks to human health and the environment which may or may not be posed by any alleged contamination at the El Monte Facility or the Site nor constitutes any representation by U.S. EPA that the El Monte Facility or the Site is fit or unfit for any particular purpose.

B. Nothing in this Agreement constitutes an admission that Sargent Fletcher, as a purchaser of assets under a Bankruptcy Court-approved sale or otherwise, is responsible, as a successor in interest or otherwise, for any potential liability of SF Co. or any other person under CERCLA, RCRA, or any other applicable common or statutory law, in connection with any alleged presence of contamination or release of hazardous substances on, under, or from the El Monte Facility that may cause or have caused the incurrence of response costs at the Site. By entering into this Agreement, Sargent Fletcher does not admit that any contamination is present, nor that any release has occurred, at the El Monte Facility or the Site that could give rise to liability by any person, including Sargent Fletcher, to pay response costs under CERCLA or any environmental law. The amount of any payment hereunder shall not be construed as an admission that Sargent Fletcher is or may be responsible for any share of response costs incurred in connection with the Site.

XV. DOCUMENT RETENTION

Settling Respondent agrees to retain such operating records

concerning the volume, type, and nature of any hazardous substances that may be generated or released by Settling Respondent, its lessees, and its sublessees during its respective operations at the El Monte Facility as may be relevant for any determination under Section XI (RESERVATION OF RIGHTS) of this Agreement ("Operating Records") for ten years following the Effective Date of this Agreement unless otherwise agreed to in writing by the Parties. At the end of ten years, Settling Respondent shall notify U.S. EPA that ten years following the Effective Date of this Agreement has passed. Unless U.S. EPA requests copies of any such documents, in which case copies shall be provided to U.S. EPA at no expense to U.S. EPA, Settling Respondent shall have no further obligation under this Agreement to retain such Operating Records.

XVI. PAYMENT OF COSTS

A. If it is determined that Settling Respondent has failed to comply with the terms of this Agreement, including, but not limited to, the provisions of Section V (PAYMENT AND WORK TO BE PERFORMED) of this Agreement, it shall be liable for all litigation and other enforcement costs incurred by the United States to enforce this Agreement.

B. Each party to this Agreement shall bear all its costs incurred during the negotiation of this Agreement and fulfilling the terms of the Agreement, to the extent such terms apply to it, except as set forth in subsection XII.B.3. and XVI.A.

XVII. PUBLIC COMMENT

A. This Agreement shall be subject to a thirty day public comment period pursuant to Section 122(i) of CERCLA, 42 U.S.C. § 9622(i).

B. In accordance with Section 122(i)(3) of CERCLA, 42 U.S.C. § 9622(i)(3), U.S. EPA may withdraw its preliminary consent to this Agreement if comments received disclose facts or considerations which indicate that this Agreement is inappropriate, improper or inadequate.

XVIII. ATTORNEY GENERAL APPROVAL

The Attorney General of the United States or her designee issued prior written approval of this Agreement.

XIX. MODIFICATION

A. If Settling Respondent believes that any or all of the obligations set forth in Section VI. (ACCESS/NOTICE TO SUCCESSORS) are no longer necessary to ensure compliance with the requirements of this Agreement, and Settling Respondent has made any payments required under Section V. (PAYMENT AND WORK TO BE PERFORMED), Settling Respondent may request in writing that the U.S. EPA agree to modify the provision(s) establishing such obligations.

B. Prior to requesting U.S. EPA to modify any provisions of this Agreement, Settling Respondent shall submit a written statement setting forth the manner(s) in which it has complied with any payments required under Section V. (PAYMENT AND WORK TO BE PERFORMED). Within 90 days of receipt of such submission,

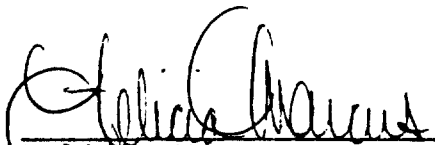
U.S. EPA will provide a written statement to Settling Respondent either concurring that the Multi-Media Tasks set forth in Section V. (PAYMENT AND WORK TO BE PERFORMED) have been completed or a statement indicating which Multi-Media Tasks set forth in Section V. (PAYMENT AND WORK TO BE PERFORMED) have not been successfully and/or satisfactorily completed.

XX. INTEGRATION CLAUSE

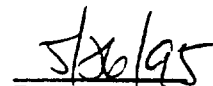
A. This document and its Attachment A encompass the entire agreement of the Parties with respect to the subject matter hereof and totally supersedes all prior agreements or understandings, whether oral or in writing.

IT IS SO AGREED, subject to the public comment procedure:

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
BY:



Felicia Marcus
Regional Administrator, Region IX



Date

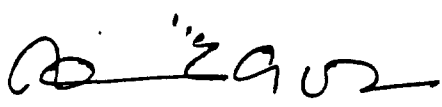
~~Steven A. Herman~~
~~Assistant Administrator for Enforcement~~

Date

IT IS SO AGREED:

SARGENT FLETCHER INC.

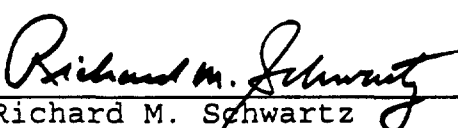
BY:



Robin H.L. Clark
Chairman of the Board

15 May 1995
Date

Counsel:



Richard M. Schwartz
(A Member of the Firm)
Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004-1980

23 May 1995
Date

ATTACHMENT A

WORK PLAN FOR UNDERTAKING ENVIRONMENTAL IMPROVEMENTS AT THE SARGENT FLETCHER INC. FACILITY IN EL MONTE, CA

BACKGROUND

The Sargent Fletcher facility is located in the City of El Monte, Los Angeles County, CA, about ten miles east of downtown Los Angeles. The area is generally office commercial and light industrial, with residential developments located approximately 250 feet north of the plant's boundary across Interstate 10 (San Bernardino Freeway). The plant is in an area zoned M2, Light Industrial. The plant complex was constructed in 1953 on a green-field site and began operations in 1954. No previous uses of the property were reported, although it was formerly part of a larger site acquired by the Fletcher Aviation Company in 1953 from the Huntington Estate. The site was depicted as vacant, undeveloped land in an aerial photograph dated November, 1952. A small airstrip known as the Rosemead Airport occupied the larger property at that time and was located in the area east of the plant from the 1930s through the early 1960s.

The Sargent Fletcher facility contains five buildings that together cover approximately 255,686 ft² of the 14.5 acre facility. The main building is constructed with reinforced masonry and houses the front offices and primary assembly areas as well as two chrome conversion coating lines on the east side and two trichloroethane degreasers located inside the building. The four remaining buildings include two steel-framed buildings covered with corrugated sheet metal exteriors and roofs that serve as the paint shop and the facility's maintenance shops. The paint shop is located due south of the main building and the maintenance shops are located in the southwest corner of the facility. One sheet metal building serves as a dry storage warehouse and a reinforced masonry building as production machine shop. The warehouse is located centrally on the east side and the machine shop extends from the southeast corner along the south property boundary.

The remaining primary facilities on the property include two covered and open-sided test areas, one located centrally on the site and one occupying the west side of the production area. The Sargent Fletcher facility is a large quantity generator under the Resource Conservation and Recovery Act ("RCRA"). The facility accumulates hazardous wastes for less than 90 days and ships them off-site for treatment and/or disposal. A concrete-paved, diked, and fenced hazardous waste storage area, which historically served as the facility's 90-day accumulation area, is located near the southwest corner, and is currently used for storage of maintenance, cutting, and hydraulic oils. The active 90-day hazardous waste accumulation area is located along the northeast corner of the facility. Hazardous wastes are also stored at the point of generation in a satellite accumulation area, which is a bermed area on the north side of the paint shop. This bermed area also houses waste paint distillation equipment and a paint can crushing operation. A baler, which is used to bale paint spray booth filters, is located on the south side of the paint shop. A metal deburring operation is located in a covered area on the east side of the main plant building.

Two wastewater pretreatment systems serve the chrome conversion coating lines at the facility. The first system is located off the southeast corner of the main plant building; the other system is located along the east property boundary. Treated wastewaters are introduced to the publicly owned treatment works maintained by the Los Angeles County Sanitation Districts ("LACSD"). Sargent Fletcher has a temporary discharge permit from LACSD and plans to obtain a permanent permit as described in Task 3 below. Air compressor sheds are located on the east and south sides of the main plant building and off the southwest corner of the production machine shop. A paved parking lot occupies the west side of the site.

The Sargent Fletcher facility is classified as an aerospace manufacturing facility and is classified under the Standard Industrial Classification as Code 3728, aircraft parts and equipment, not elsewhere classified. The facility operates ten hours per day, four days per week, 49 weeks per year. At present, approximately 100 administrative and production personnel are on staff, down from about 300 last year and as many as 1,000 in past years. The primary site operations are related to the fabrication and testing of external aircraft fuel tanks and aerial refueling systems.

The principal raw materials used in the production of fuel pods and refueling systems at the Sargent Fletcher plant are aluminum sheet and tube stock, paints, paint thinners, cleaning and degreasing solvents, and acids and caustics including chromic acid and other plating chemicals. Nonhalogenated solvents, mostly methyl ethyl ketone ("MEK") and proprietary Ardrex 5564, have been used primarily as thinner for paints or for cleaning of paint spray equipment. The company historically used chlorinated solvents for hand cleaning of manufactured parts, but originally not in dip-tank operations. During the early 1990s, the company has begun operating two trichloroethane degreasers for cleaning of tubes and electrical components. The acids and caustics have been used for cleaning and coating aluminum parts in the wash line and chrome conversion coating lines. Cutting oils have been used in the production machine shop. Many of the raw materials are stored or staged near their points of use, but a portion of the raw materials, along with many partially fabricated parts and sub-assemblies, are stored in the warehouse building.

ICF KE performed a Phase I¹ and limited Phase II² environmental assessment of the El Monte facility as part of the due diligence undertaken by FR Acquisition Inc. prior to its acquisition of the assets of the Sargent-Fletcher Company.³ The Phase I assessment identified several environmental issues. The most significant issue from a potential liability perspective involves Sargent Fletcher's possible involvement in the San Gabriel Valley Superfund Site (the "Site"). This issue led to the performance of the limited Phase II assessment. Other issues

¹See ICF KE final draft report entitled *Environmental Assessment of the Sargent-Fletcher Company Facility in El Monte, CA*, dated June 13, 1994.

²See ICF KE final draft report entitled *Limited Phase II Investigation of the Sargent-Fletcher Company Facility in El Monte, CA*, dated July 20, 1994.

³FR Acquisition Inc. changed its name to Sargent Fletcher Inc. ("Sargent Fletcher") after its acquisition of the assets of Sargent-Fletcher Company. The asset acquisition closed on September 30, 1994.

involve the need for certain upgrades in air and wastewater permitting, better waste management practices, and management of electrical equipment that potentially contains polychlorinated biphenyls ("PCBs").

TECHNICAL APPROACH

This section describes the tasks Sargent Fletcher (with the assistance of ICF KE) will undertake to make environmental engineering improvements, upgrades, and pollution prevention measures as referred to in the Agreement and Covenant Not to Sue (the "Agreement") of which this Work Plan ("Work Plan") is an Appendix.

Task 1: Hazardous Waste Management

At the time of ICF KE's site visit, the hazardous waste management program required some improvements to meet all applicable regulatory requirements. For example, the storage area was not properly placarded or equipped with appropriate safety equipment such as spill response materials or communications equipment. In addition, training for personnel involved with handling hazardous wastes needs upgrading, the facility's RCRA contingency plan needs updating, and inspections of the area are not appropriately performed or documented. Sargent Fletcher will develop and implement a detailed hazardous waste management plan to ensure that hazardous wastes are managed in an environmentally appropriate manner and in compliance with all applicable RCRA hazardous waste management regulations. Specifically the plan will address:

- Training for personnel who handle hazardous wastes and documentation of such training;
- Procedures for conducting and documenting inspections of hazardous waste management areas;
- Updating emergency preparedness procedures and the hazardous waste contingency plan;
- Modifications to satellite accumulation practices;
- Upgrading reporting and recordkeeping procedures; and
- Upgrading the hazardous waste 90-day accumulation storage area to include appropriate signage, fire protection and safety equipment, and emergency communication equipment.

Task 2: Materials Handling Improvements

ICF KE's Phase I assessment identified several areas throughout the facility where surficial staining from oil and paint, presumably from minor spills, had apparently occurred. Sargent Fletcher will clean up these minor stains. In addition, Sargent Fletcher will evaluate current materials handling practices and develop and implement procedures to minimize the spillage of oil, paint, and other hazardous materials.

An abandoned air compressor at the southwest corner of the production machine shop appeared to have leaked possibly substantial quantities of oil onto the underlying pavement. Sargent Fletcher will investigate this area. The investigation will include taking a few soil samples, determining the nature and extent of potential oil contamination, documenting the results of the investigation in a report, and cleaning up the area as Sargent Fletcher determines may be necessary, if soil sampling results indicate total petroleum hydrocarbon concentrations in soil above levels of regulatory concern. Although the Los Angeles County Fire Department ("LACFD") normally is the cognizant regulatory agency concerned with petroleum contamination of soils, Sargent Fletcher will contact, work with, and report our results to both the LACFD and the Regional Water Quality Control Board ("RWQCB") because of the latter's interest in soil and groundwater contamination in the area.

Task 3: Stormwater and Wastewater Management

Sargent Fletcher will upgrade its stormwater and wastewater management practices and engineering controls to achieve best engineering management practices and applicable regulatory requirements.

Subtask 3.1: Stormwater Management. Sargent Fletcher will determine the status of the stormwater permitting process and take initial steps to comply with applicable stormwater permitting requirements. In fact, Sargent Fletcher filed a Notice of Intent with the RWQCB on October 3, 1994 to comply with California requirements in implementing the stormwater control provisions of the Clean Water Act. A key step in this process is the preparation of a Stormwater Pollution Prevention Plan ("SPPP"). ICF KE believes, based on site observations and the California stormwater control requirements, that substantial upgrades to outdoor chemical storage and production areas may be necessary as part of the SPPP in order to comply with the requirements of the stormwater permit process. These upgrades will likely include scheduled improvements related to providing rain protection and secondary containment for the outdoor paint still and paint shop areas and the test stand areas. Under this subtask, Sargent Fletcher will:

- Determine applicable requirements to be met under the stormwater control program (as described in its stormwater permit and the SPPP to be developed under this subtask);
- Perform an engineering feasibility study to identify and evaluate potential alternatives for meeting regulatory requirements—for example roofing and

berming vs. roofing and grading—and to select the most cost effective approach or approaches to meeting requirements; and

- Implement any engineering improvements Sargent Fletcher determines to be necessary. This process will involve two steps: (1) developing detailed engineering plans and specifications for the improvements; and (2) constructing the improvements.

Subtask 3.2: Wastewater Management. Sargent Fletcher currently discharges treated process wastewaters to the Los Angeles County Sanitation Districts ("LACSD") under a temporary discharge permit. Although the facility is meeting discharge limits, LACSD may require upgrades to the wastewater treatment system to issue a final permit. These upgrades could include roofing and berming the outdoor portions of the wastewater system, but should not require upgrades to the treatment process. Sargent Fletcher will determine what requirements are necessary to obtain a LACSD permit, document these requirements in a brief summary report, and make necessary engineering upgrades to meet those requirements.

Task 4: Air Pollution Compliance Evaluation and Improvement Program

Although the Sargent Fletcher facility appears to be operating in compliance with current air pollution control requirements, there is some potential that the facility will be subject to additional requirements under the 1990 Clean Air Act Amendments ("CAAA"). For example, Sargent Fletcher may be subject to Maximum Achievable Control Technology ("MACT") standards under Title III of the CAAA.⁴ In addition, the facility may be subject to requirements regarding development of risk management programs under Section 112(r) of the CAAA as a result of its nitric acid use. Sargent Fletcher is also subject to state regulatory requirements associated with California's Air Toxics Program under AB2588. The facility submitted a draft health risk assessment ("HRA") under AB2588 in 1991, which has not been finalized. Sargent Fletcher, upon review of the HRA submitted by Sargent-Fletcher Company in 1991, does not believe that the HRA and the air toxics emissions inventory underlying it represent an accurate picture of the facility's emissions or risks. Sargent Fletcher plans to revise the HRA as soon as state regulatory officials issue the required notification. Sargent Fletcher has been in contact with the South Coast Air Quality Management District ("SCAQMD") concerning the process for finalizing the HRA.

Sargent Fletcher will perform an air pollution compliance evaluation to determine what federal and state regulatory requirements are applicable to it. After completing the evaluation, Sargent Fletcher will develop and implement an action plan to meet any current and upcoming requirements. This plan will address, among other things, steps to be taken to characterize the facility's air emissions and associated health risks more accurately and to finalize the AB2588

⁴MACT standards for the Aerospace Manufacturing and Rework industrial sector were proposed on June 6, 1994 as Subpart GG of Part 63 of Chapter 40 of the Code of Federal Regulations (Federal Register at 59FR29216).

HRA⁵ and any associated notification and other requirements. If Sargent Fletcher determines that it is necessary, Sargent Fletcher will also develop a risk management plan in accordance with the requirements of Section 112(r) of the CAAA.

Task 5: UST Management

Sargent-Fletcher Company operated a 1,000-gallon, steel, single-walled UST that was installed in 1971 or 1972 to hold gasoline used to fuel site vehicles. The UST was removed in January 1988 with the oversight of the LACDPW, and at the time of excavation, the UST was observed to have some small holes and it was leaking gasoline into the excavation. The studies on the excavation of the former 1,000-gallon gasoline UST concluded that a small amount of product was lost from the former UST and migration of the contamination was limited both vertically and laterally. The LACDPW requested completion of remedial investigation activity aimed at closure of the former UST excavation in several letters over the following years. A remedial action plan was prepared by SCS Engineers in January 1994 that proposed excavation of the contaminated soil and collection of verification samples. This plan was approved by LACDPW in February 1994 and the work was completed in July, 1994. Sargent Fletcher will prepare a final closure report.

Task 6: Asbestos Assessment and Management

Overall, the type and quantities of suspect asbestos containing material ("ACM") observed on-site did not appear to pose substantial liabilities related to exposure hazards, management, or abatement. Because there may be inaccessible areas of the plant and fixed equipment that were not observed by ICF KE during its Phase I site visit in May, 1994, and based on the 1953 construction date, Sargent Fletcher will conduct an asbestos survey to identify all suspect ACM on the plant premises, determine if any is ACM requiring management or abatement to minimize exposure hazards, and document the findings of the survey in a brief report. If ACM is found, Sargent Fletcher will develop an asbestos operation and maintenance program, including the abatement or removal of any friable ACM.

Task 7: PCB Inventory Management

The Sargent Fletcher facility has five electrical transformers, three large units located in a fenced area behind the main plant building and one newer pad-mounted unit, and one on a utility pole in the west test area. The transformers are owned and maintained by Southern California Edison ("SCE"). Sargent Fletcher requested SCE to provide written confirmation of SCE's ownership of the transformers and of the PCB content of the transformers. SCE replied that the units did belong to SCE and that they probably did not contain PCBs. At the time of the Phase I site visit, ICF KE noted that these units appeared fairly old and each was leaking

⁵Some of the inaccuracies Sargent Fletcher has identified in the draft HRA may require revisions beyond those currently allowed in *Procedures for Optional Revisions to Emissions Estimates in Health Risk Assessments*. If Sargent Fletcher cannot make all of the desired revisions to the HRA as a result of this limitation, Sargent Fletcher will make whatever changes are not allowed by the Procedures as soon as possible during the next allowable update to the HRA.

fluids from a valve at the top. Oil stains were visible along the rear sides of all three transformers, although stains on the underlying concrete were minimal and no fluids appeared to have migrated to the adjacent gravel. Because of the potential that the units may contain PCBs, Sargent Fletcher will conduct confirmatory testing. If Sargent Fletcher determines the transformers to be PCB units, Sargent Fletcher will request that SCE clean and retrofit the units with non-PCB fluids or manage them in accordance with Toxic Substance Control Act ("TSCA") requirements.

There appears to be some potential for gear boxes and capacitors on the older process equipment as well as air compressors to contain PCBs. Sargent Fletcher will develop and implement a PCB inspection and testing program to determine if PCBs are present or were formerly released around suspect electrical and oil-cooled equipment on-site. Sargent Fletcher will document the results of the inspection and testing program in a brief summary report. Any actions that Sargent Fletcher takes with respect to PCBs management will be performed in accordance with PCB regulations promulgated under TSCA at Part 761 of Chapter 40 of the Code of Federal Regulations ("40 CFR 761") and appropriate implementing guidance associated with those regulations.

Task 8: Groundwater Monitoring

ICF KE's limited Phase II site investigation of the Sargent Fletcher facility indicated very minor evidence of groundwater contamination; no contaminant was found at levels at or above groundwater clean-up levels. Nevertheless, because of concerns related to the regional groundwater contamination problems in the area, Sargent Fletcher has determined that it would be desirable in the context of the Agreement to install a total of two additional groundwater monitoring wells in locations agreeable to EPA Region IX and the RWQCB. Suggested locations for the two additional wells are indicated on Figure 1. Pursuant to this Work Plan, Sargent Fletcher will monitor the new wells and the three existing on-site wells quarterly in a one year period for water levels and those constituents of concern at the Site and prepare four quarterly monitoring reports. The quarterly monitoring events will be scheduled in coordination with the RWQCB. Prior to installing the wells and conducting the monitoring program, Sargent Fletcher will prepare a sampling and analysis plan, health and safety plan, and quality assurance project plan in accordance with EPA Region IX and RWQCB procedures. Sargent Fletcher will submit these plans for RWQCB review. All work procedures and analytical methods will be in accord with U.S. EPA Region IX and RWQCB procedures. Sargent Fletcher will report the results of quarterly monitoring to the RWQCB and U.S. EPA Region IX.

Task 9: Waste Minimization and Pollution Prevention Initiative

Sargent Fletcher will undertake a review of process operations at its plant with the objective of identifying cost effective opportunities to minimize the generation of waste materials and to prevent pollution where feasible. This review will meet the regulatory requirements of SB14. Although Sargent Fletcher will examine all process operations, some examples of potential areas where waste reduction/pollution prevention may be worthwhile include:

- Adding recirculating pumps to the rinse water tanks in the conveyerized chrome conversion coating line to recycle rinse waters. Currently the process tanks have recirculating pumps; however the rinse tanks do not;
- Automating chemical additions to the conversion coating line. Dual benefits may be achieved from this process upgrade including reduced chemical usage resulting in lower mass pollutant loadings in process waste water and reduced chemical exposures to workers in that process area; and
- Exploring ways to reduce emissions from painting operations consistent with adhering to required military product specifications. As part of this initiative, Sargent Fletcher will visit the Southern California Edison coatings laboratory, which provides technical assistance to local area industries in reducing emissions of volatile organic compounds ("VOCs") associated with coating operations.

Sargent Fletcher will document the results of the above-described review in a brief summary report.

DELIVERABLES

Sargent Fletcher will prepare the following deliverables, which are described in the Technical Approach above, in the course of implementing this Work Plan:

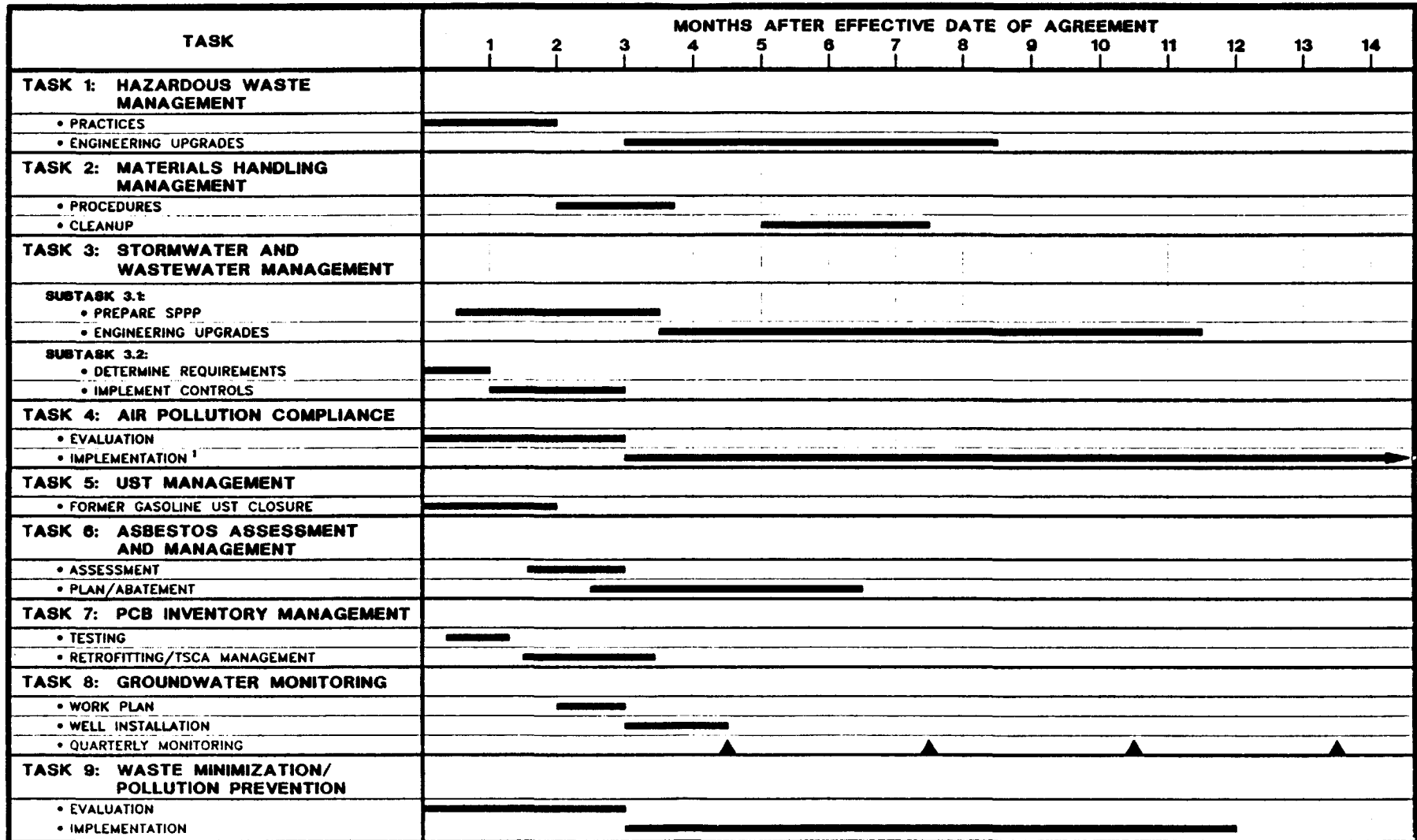
- Task 1: Hazardous Waste Management.
 - Hazardous waste management plan.
- Task 2: Materials Handling Improvements.
 - Hazardous material handling procedures.
 - Air compressor area investigation report.
- Task 3: Stormwater and Wastewater Management.
 - Stormwater Pollution Prevention Plan.
 - Feasibility study.
 - Engineering plans and specifications.
 - LACSD permit requirements report.
- Task 4: Air Pollution Compliance Evaluation and Improvement Program.

- CAAA action plan.
 - Risk management plan (if Sargent Fletcher determines that it is necessary).
- Task 5: UST Management.
 - Final closure report.
- Task 6: Asbestos Assessment and Management
 - ACM survey report.
 - ACM operations and maintenance plan (if Sargent Fletcher determines that it is necessary).
- Task 7: PCB Inventory Management.
 - Inspection and testing report.
- Task 8: Groundwater Monitoring.
 - Sampling and analysis plan.
 - Health and safety plan.
 - Quality assurance project plan.
 - Four quarterly monitoring reports.
- Task 9: Waste Minimization and Pollution Prevention Initiative
 - Waste minimization review report.

SCHEDULE

Figure 2 provides a schedule for the activities described above.

FIGURE 2 SCHEDULE



¹ CERTAIN IMPLEMENTATION ASPECTS WILL LIKELY PROCEED BEYOND ONE YEAR.